



The following report gives feedback to assist assessors with general issues and trends that have been identified during external moderation of the internally assessed standards in 2024. It also provides further insights from moderation material viewed throughout the year and outlines the Assessor Support available for Commerce.

Insights

92028: Demonstrate understanding of an organisation's financial decision-making

Performance overview:

The Conditions of Assessment for this standard limit assessor involvement to checking students' progress on gathering evidence. To enable greater depth of evidence in their financial tools and decision descriptions, students are expected to undertake their own research by investigating two potential options to address the need, opportunity, or issue (NOI), and their costs. Assessors should refrain from providing all such detail in the assessment activity.

MOE guidance also states that students' evidence needs to be individually identifiable and should represent the students' own work. While students may work together in a group to discuss suitable options (NOI), they must present their work individually to show they have met all the requirements of the standard.

For all levels of achievement, EN2 requires the organisation's pūtake (reason for being) to be discussed when introducing the NOI and then referenced in explaining why a particular decision was made. Values may shape or inform pūtake, but differ from the organisation's reason for being.

For Achieved, the student would use one or more financial tools to describe two options that could meet the organisation's NOI. They would then choose the best option and describe this, referencing financial data from the tool/s used, and linking the decision back to the organisation's pūtake and the NOI. One financial decision is sufficient; it is not necessary to make a decision about which asset to purchase as well as how to finance the purchase.

Once a financial decision has been described for Achieved criteria, explanations for Merit and Excellence should focus on the selected option rather than the option(s) not chosen.

For Merit, students explain stakeholder perspectives relevant to the financial decision, as well as possible consequences of the decision for the organisation and for at least two other stakeholders. For example, "*Will the decision to expand the gymnasium increase the school's insurance premiums? Will teachers now have to book space because of the popularity of the gym?*"

Excellence requires an analysis of how stakeholders' perspectives were considered in making the decision. Students also need to explain how the organisation could respond to the potential consequences identified (for Merit). Responses could be mitigations to negative consequences, or actions to take advantage of positive consequences.

Practices that need strengthening:

Pūtake

When designing the assessment activity, the assessor should consider how students will be able to link a financial decision to the organisation's pūtake.

The following is an example of how a charity's pūtake has been considered in deciding which delivery vehicle should be purchased.

"The pūtake of SVDP is to provide person-to-person, practical and effective help to those in need. SVDP also aims to maintain financial viability and reduce its impact on the environment. The LDV eDeliver3 electric van supports the pūtake because it is larger than the alternative van and has a higher payload meaning SVDP will be able to deliver larger items in fewer trips. The van will reduce climate effects as it is a fully electric vehicle that uses no fossil fuel. The option will also help SVDP maintain financial viability as it is the cheapest option that aligns with SDVP's pūtake."

From some student evidence seen, it proved difficult to link a school's pūtake when a vehicle purchase was the assessment context. This was particularly the case when there was little differentiation between the options.

The following is an example of a successful link between a school's pūtake and the financial decision to create a weights room:

"ZZZ High School's pūtake is: To deliver Aotearoa New Zealand's best all-round education. My choice meets ZZZ High school's pūtake as it focuses on physical activity which can strengthen mental health and therefore help students feel more motivated at school. When students are motivated, they are more likely to be well-rounded and do well academically and in extra-curricular activities. Getting extra funds for the school by hiring out the weights room after school hours can also help the school meet its pūtake by providing funds that can help students to get a well-rounded education in other ways."

One school's website referred to its purpose as offering "a quality education in a partnership environment where excellence and respect are encouraged". The assessment activity centred on the opportunity to astroturf the courts or purchase bleacher seating for the playing fields. The same homepage on the website referred to school values of whanaungatanga and manaakitanga. In their submission, a student discussed how the provision of bleacher seating would meet the value of whanaungatanga by being respectful of spectators' comfort and could foster caring relationships between spectators as part of manaakitanga. However, the student did not link the decision and these values back to the pūtake.

Discussion and application of pūtake was rarely successful in student evidence that used a whanau as the organisation. Often these submissions were loosely based on the (expired) Accounting 90981. This approach does not meet the achievement criteria of this Commerce standard.

Financial tool

Assessors should guide students to select one or more financial tool/s that will enable valid comparisons of financial and non-financial data for each of the options under consideration. Some ineffective use of financial tools was observed in moderation.

SWOT analyses must include some financial data. Several moderation submissions demonstrated a lack of understanding that strengths and weaknesses were factors internal to the organisation, and opportunities and threats were outside forces.

If a cost-benefit analysis is used to compare options, financial data must be included for it to be valid as a financial tool. Similarly, a list of positives/negatives for each option would need to have financial data.

While students may refer to their order of preference for the options, a ranking process that applies a weighting system, e.g. +5 or -3 (as formerly used for Economics AS90987), is beyond the scope of the standard and is not a financial tool.

Financial data from the tool/s (at a minimum the total cost of the selected option) needs to be used in the description of the financial decision.

Merit criteria

A common issue in moderation was confusion between perspectives and consequences.

Students need to explain stakeholders' perspectives in relation to the decision being made. For example, how various stakeholders (such as the organisation's board, employees, volunteers, clients, students) feel about, would react to, or benefit from option A and option B.

Stakeholders are people or groups – therefore the environment is not a stakeholder. Students should avoid using suppliers as a stakeholder. Whether selling the diesel vehicle for \$45,000 or the electric vehicle for \$67,000, a supplier will be in favour of the organisation's financial decision.

Merit also requires students to explain consequences of the decision for the organisation and at least two other stakeholders.

Excellence criteria

For this grade students should explain how they considered the perspectives of the organisation and some stakeholders in making the decision. For example, *“did the charity's budget influence the decision to buy a diesel rather than an electric vehicle. Was the employees' experience of only driving automatic vehicles considered in reaching the decision to buy a manual vehicle?”*

A lack of differentiation in the options to meet the NOI can also impact the ability to discuss how stakeholder perspectives influenced the decision. For example, in response to the opportunity to spend a donation on improving school facilities, one submission considered three shade cloth options. All options would provide shade and protect students from the sun, with the only difference being the cost. Had students explored a shade option and, say, new gym equipment, perspectives of the stakeholders would be very different and enable the students to identify, explain, and incorporate these into their explanation of the decision.

Responses/actions the organisation could take to mitigate negative consequences or build on positive consequences are valid only for consequences that were explained as part of Merit criteria. An example of how a school could respond to consequences of the decision to expand the school gym could be: *“To mitigate the higher insurance on the gymnasium, the school could investigate premiums from other insurance companies.”*

92029: Demonstrate understanding of price determination for an organisation

Performance overview:

Most submissions moderated were based on MOE activities A (preparing to Launch) or C (Strictly Business). While a market day context may be used as a vehicle for teaching and

learning about price, the standard requires a focus on price determination. Completion of an entire business plan could detract from ensuring explanations are aligned with the achievement criteria. Although a student may choose to sell more than one product for their business activity, it is in their best interest to base their assessment response on only one product.

It is common for business activities to be undertaken by groups of students. However, the standard requires each student to independently describe how price was determined, using financial or non-financial information and a concept or model. Once groups have decided on the product (good or service) they intend to sell, each student should explain the price they have determined. The group could then carry out their business activity using a mutually agreed price. Assessment responses to meet Merit and Excellence material must also be independently completed.

Moderators have also seen successful evidence based on MOE activity B (The Price is Right). However, where resource material is being provided, assessors need to ensure they do not provide so much detail that students are limited in demonstrating their understanding of price determination. This was apparent in moderation submissions where the assessment activity specified profit and production targets to be achieved, leading students to determine one potential price. Fill-in templates with sentence starters and leading questions provide students with too much guidance, risking the authenticity of submissions.

To achieve the standard, students are required to use financial or non-financial information to demonstrate understanding of price determination, supported by a relevant concept or model that makes it clear that the price determined for the product is sufficient to cover costs per unit and make a profit.

The standard was able to be met when students effectively used support material to describe how they determined an appropriate price. For example:

- An accurately drawn and labelled supply and demand graph that was based on a supply and demand schedule. The student would then describe how the market would clear at the determined price of \$X and quantity of Y because the organisation is willing and able to supply because it is profitable, and the consumer is willing and able to purchase because it is affordable. There would be sufficient detail in the description to prove that the price will cover costs and profit.
- Price-related market research to demonstrate how much customers would be prepared to pay, and a cost volume profit analysis or a breakeven analysis to test whether a price of \$X would cover costs and profit.
- A cost-plus pricing strategy described, with the actual costs for the product and the profit margin (percentage or dollars) stated so it is clear the price covers costs and profit.

For Merit, students need to explain how the determined price could be affected by a change in an internal or external factor. This involves an explanation of how the factor impacts the price determined (from Achieved) by discussing likely changes (using specific dollar amounts) to costs, sales, and subsequent profits.

Two pricing options should be supported by financial or non-financial information, and a re-worked model or concept for each pricing option.

The factors seen in student evidence generally increased production costs. However, the only valid pricing options for any scenario are increasing the price, decreasing the price, or keeping the price the same and sacrificing some profit.

For Excellence, one of the pricing options explained for Merit criteria needs to be selected and justified as the new price (even if unchanged) by referencing the financial or non-

financial information and the concept or model. Consequences of this pricing option should also be explained for the business and at least two stakeholders.

Practices that need strengthening:

Conventions

There is an expectation that student evidence will reflect accurate understanding of commerce concepts appropriate for curriculum level 6. For example:

- Projected income and expenses should be presented in the established statement format of Income less Expenses equals profit/loss.
- Explanations of break-even would refer to revenue and costs being equal at the equilibrium point, rather than profit and costs.
- If used, variable and fixed cost classifications should be accurate.
- Supply and demand models should be accurately formatted and labelled.

Financial/non-financial information

Financial information is characterised by dollar values. It is expected that financial information will be accurate.

Non-financial information could include evidence of competitors' prices, or surveying the target market about their price sensitivity.

Models/concepts

EN2 of the standard lists some appropriate examples.

Moderators saw several cases where concepts were referred to, but did not support the determined price. Explanations must be specific to the context rather than generic.

Price skimming, psychological pricing, and penetration pricing are based on a pre-determined price, but do not indicate that it will cover costs and profit. This also applies to breakeven. The most appropriate pricing strategy for students to use is cost-plus, providing it is unpacked using dollar values and a reference to the profit margin.

Merit criteria

Some student evidence could not be awarded Merit because a model or concept was not applied to two pricing options. Maintaining the original price requires the model used at Achieved level to be modified to reflect the impact of the change factor. The same or a different type of model or concept also needs to be presented for the other pricing options of increasing or decreasing the price.

Modifying the product, such as reducing its size, does not constitute a pricing option unless expressed as, for example, "*Keep the price at \$X but reduce the cupcake size from Y grams to Z grams*". The impact on costs and profit would then be modelled.

Excellence criteria

The justification of the post-factor price (changed or unchanged) should refer to information from the model or concept to prove that the price is sufficient to cover the revised cost of production and enable a profit to be made.

Two consequences of the price for the organisation and a consequence for two stakeholders need to be explained. It may be that a stakeholder (e.g. a supplier of raw materials) will not be impacted by the changed price. This is valid and the reason should be explained.

In a market day situation, the business owners/students are the organisation. Other stakeholders could include the customers and the school or a charity. Potential consequences are possible impacts of the price on the organisation and stakeholders, instead of a reflection on market day such as formerly required for standard 90842. To be valid, the consequences should be relevant to a student-led business and not ones only relevant to established businesses.

Consequences should focus on the post-factor price rather than the internal or external factor.

Assessor Support

NZQA offers online support for teachers as assessors of NZC achievement standards. These include:

- Exemplars of student work for most standards*
- National Moderator Reports*
- Online learning modules (generic and subject-specific)**
- Clarifications for some standards*
- Assessor Practice Tool for many standards**
- Webcasts*

*hosted on the NZC Subject pages on the NZQA website.

**hosted on Pūtake, NZQA's learning management system. Accessed via Education Sector Login.

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